

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE COMMISSION'S)
CONSIDERATION OF THE "INTERCON-)
NECTION" STANDARD SET FORTH IN)
16 U.S.C. § 2621(d)(15) RELATED TO) PSC REGULATION DOCKET NO. 58
THE INTERCONNECTION OF CUSTOMER-)
OWNED GENERATION TO UTILITY)
DISTRIBUTION FACILITIES)
(OPENED JULY 11, 2006))

ORDER NO. 6983

This 11th day of July, 2006, the Commission determines and Orders the following:

1. The Energy Policy Act of 2005¹ added five new federal PURPA² standards that State utility commissions are to "consider" implementing for their rate-regulated electric utilities. State commissions have a start date of August 8, 2006 for two of these new standards.³ In PSC Order No. 6912 (May 9, 2006), the Commission began its "consideration" of the "time-based metering" standard for Delmarva Power & Light Company ("DP&L") and the Delaware Electric Cooperative, Inc. ("DEC"). Here, the Commission opens a proceeding to consider the "interconnection" standard for each of those two utilities.⁴

¹Public Law No. 109-58, 119 Stat. 594 (Aug. 8, 2005) ("EPAAct 2005").

²Public Utility Regulatory Policies Act of 1978, with relevant parts now codified as 16 U.S.C. §§ 2611-2613, 2621-2627.

³16 U.S.C. § 2622(b)(4)(A) (time-based metering), 2622(b)(5)(A) (interconnection) (as added by EPAAct 2005 §§ 1252(g), 1254(b)(1)).

⁴16 U.S.C. § 2621(d)(15) (as added by EPAAct 2005 § 1254(a)).

2. The federal interconnection standard would require each electric utility to make available to a requesting customer non-discriminatory "interconnection services," thus allowing that customer to connect its on-site generating facility to the utility's local distribution facilities. Such interconnection would have to be undertaken consistent with the technical standards developed by the Institute of Electrical and Electronics Engineers in IEEE Standard 1547 (or as later amended). And the services would have to be offered via agreements or established procedures that promote current "best practices" of interconnection of distributed generation including those practices that might have been developed in model codes or model agreements.⁵

3. In 2000, both DP&L and DEC published documents outlining the process and technical requirements for the interconnection of relatively small customer-owned generation to that utility's system.⁶ However, those documents were crafted before the adoption of IEEE Standard 1547 (interconnection of distributed generation of 10 MW or less). Moreover, the local utilities' documents predated NARUC's announcement of its "Model Interconnection Procedures and Agreement for Small Distributed Generation Resources" (Oct. 2003). And after that, the Federal Energy Regulatory Commission ("FERC") promulgated

⁵Id.

⁶Conectiv Power Delivery, "Technical Considerations Covering Parallel Operation of Customer-Owned Generation of Less than One (1) Megawatt and Interconnected with the Conectiv Power Delivery System" (Jan. 19, 2000); Delaware Electric Cooperative, "Technical Requirements for Parallel Operation of Member-Owned Generation" (eff. April 1, 2000).

its own standardized procedures and agreements for jurisdictional utilities to use in interconnecting new smaller sources of generation (20 MW or less) to facilities already subject to FERC jurisdiction.⁷ In response to that FERC directive, PJM has moved to revise its own tariff provisions and manuals to update (and, in some cases, streamline) the process and standards for interconnecting small generation resources to PJM-controlled facilities.⁸ And finally, the Mid-Atlantic Demand Response Initiative group (where this Commission has been a regulatory commission participant) has also published its own model for interconnection of small generation resources to State-jurisdictional facilities.⁹

3. The Commission will now open this matter to consider the new PURPA "interconnection" standard. As an initial step, the Commission will seek comments. The Commission asks that these initial comments respond to the questions set out below; however, they can also include other information that a party believes would be helpful to the Commission. As noted above, the issues surrounding small generation interconnection have been explored within MADRI, PJM, and

⁷Standardization of Small Generator Interconnection Agreements and Procedures," Order No. 2006, FERC Stats. & Regs., Regulation Preambles, Vol. III ¶ 31,180 (May 27, 2005) & order on rehearing, Order No. 2006-A, 113 FERC ¶ 61,195 (Nov. 22, 2005), rehearing pending. See also 18 C.F.R. § 35.28(f)(1) (2006).

⁸See FERC Dckt. No. RM02-12-000, PJM Compliance Filing, (Nov. 10, 2005). See also PJM, Generation and Transmission Interconnection Planning, Section 4 - "Small Resources Interconnection Process;" Attachment H - Small Generator (2 MW or less) Technical Requirements and Standards; Attachment H-1 - Implementation of PJM Small Generator (2 MW or less) Applicable Technical Standards and Requirements.

⁹MADRI, "MADRI Model Small Generator Interconnection Procedures (Nov. 22, 2005).

other collaborative work groups. The Commission is also aware that State commissions in neighboring jurisdictions have already adopted such interconnection standards or are now working through that process. The Commission does not want to retrace the steps that have already been taken elsewhere, unless circumstances specific to Delaware require some reappraisal. In particular, the Commission wishes to explore (so long as it is consistent with the PURPA procedural requirements) the possibility of importing the efforts already undertaken in other venues for use or scrutiny in Delaware. Building upon others' efforts would not only conserve Commission resources but could possibly lead to "regional" standards that could be more easily used by developers of distributed generation. Thus, the Commission initially solicits comments on the following questions:

- A. Should the Commission revisit and re-examine the "interconnection" protocols previously published by DP&L and DEC (see n. 6 above)? If you believe that re-examination is not necessary, please explain why such protocols remain appropriate? Also, please explain whether such earlier protocols would constitute "prior State action" under 16 U.S.C. § 2622(f)(1) or whether the Commission would need to take further action to utilize such provision's "safe harbor" from further consideration?

- B. Do the provisions of the "Electric Utility Retail Customer Supply Act of 2006" (75 Del. Laws ch. 242 (Apr. 6, 2006)) provide any guidance on how the Commission should approach or resolve issues related to interconnection of customer-owned generation to DP&L's and DEC's distribution facilities?
- C. If the Commission should revisit interconnection protocols and processes, should the Commission utilize any of the existing models as a "straw" proposal for Delaware interconnection standards?
- i. If so, please describe which model should be chosen and why it is superior to other models for use in Delaware?
 - ii. In particular, please evaluate the MADRI model against the processes, standards, and agreements proposed by PJM (including its streamlined procedure for 2 MW or less resources).
- D. Should the Commission adopt a certain MW ceiling to apply to an interconnection standard to State-jurisdictional distribution facilities: Is so, what should be that limit, and should the limit differ for each particular utility?

E. If revisiting is in order, what process would be the most efficient way for the Commission to proceed?

i. In particular, should the Commission defer its proceedings for a time to await actions by neighboring jurisdictions considering similar interconnection protocol standards? Can this be structured consistent with the PURPA procedural requirements?

ii. If an immediate process is appropriate, how should that be structured consistent with the PURPA procedural requirements?

F. Would it be more efficient to have DP&L and DEC to initially submit re-worked documents and use those as "staw-men" for continued consideration of the PURPA standard? Similarly, should the Commission strive for a single interconnection standard and process or do differences exist between the two jurisdictional utilities that call for different interconnection protocols?

4. The Commission seeks comments on these questions. However, as noted above, persons and entities can provide their views on other issues that they think should be brought to the attention of the

Commission at this initial stage. After receiving such comments, it can better decide the path of future steps in this docket.

Now, therefore, **IT IS ORDERED:**

1. That this proceeding is now opened to consider the federal "interconnection" standard set forth in 16 U.S.C. § 2621(d)(15), as added by the Energy Policy Act of 2005 § 1254(a).

2. That Delmarva Power & Light Company and the Delaware Electric Cooperative, Inc. are deemed parties in this matter. Senior Hearing Examiner William F. O'Brien is delegated the authority to grant or deny any further petitions to intervene that might be filed in this matter. The Secretary shall compile and maintain a service list.

3. That the Secretary shall cause the Notice, attached as Exhibit "A," to be published in The News Journal newspaper on July 18, 2006, in two-column format, outlined in black. The Secretary shall provide proof of such publication by August 1, 2006.

4. That interested persons or entities can file comments in response to the questions posed in paragraph 4 of the body of this Order on or before Wednesday, August 16, 2006. These comments can also include other views and materials that the submitting party believes would be helpful to the Commission. After review of such comments, the Commission will, by further Order, determine further proceedings in this matter.

5. That Delmarva Power & Light Company and the Delaware Electric Cooperative, Inc. are hereby notified that each will be charged the costs of this proceeding under 26 Del. C. § 114(b).

6. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

**NOTICE OF INITIATION OF
PROCEEDING RELATED TO
PURPA STANDARD FOR
INTERCONNECTION OF CUSTOMER-OWNED
GENERATION**

The Delaware Public Service Commission ("the Commission") has opened a proceeding to consider whether to implement the above PURPA "interconnection" standard for Delmarva Power & Light Company and the Delaware Electric Cooperative, Inc. As an initial step in that process, the Commission seeks interventions by interested parties and comments on several threshold questions. Those initial questions are

set out in PSC Order No. 6983 (July 11, 2006) (available at the Commission's Internet website at www.state.de.us/delpsc).

If you wish to participate in this proceeding, you must file a petition for intervention under Rule 21 of the Commission's Rules of Practice and Procedure. You must file such request with the Commission on or before Wednesday, August 16, 2006. Only persons who intervene will receive direct notice of further proceedings. If you wish to file comments responding to the initial questions set forth in PSC Order No. 6983, you should file ten copies of such responses with the Commission on or before Wednesday, August 16, 2006. You should also submit an electronic copy of such comments to karen.nickerson@state.de.us. After receipt of comments, the Commission will determine what future proceedings will be held in this matter.

You should file written petitions to intervene and comments with the Commission at the following address:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904
Attn: PSC Reg. Dckt. No. 58

If you have questions about this proceeding, you can contact the Commission at 1-800-282-8574 (in Delaware only) or (302) 739-4247 (text telephone available). You can also send inquiries by Internet e-mail addressed to robert.howatt@state.de.us.